

mtc-70934

LEASE FOR TERM OF 99 YEARS

M05-67699

Klamath County, Oregon

10/28/2005 10:38:32 AM

Pages 7 Fee: \$51.00

Date: 9/27/2005

AKA L.H. DEARBORN

Between: Luther H. Dearborn/and Frances B. Dearborn ("Lessor")

And: Dorothy J. Jackson ("Lessee")

Lessor leases to Lessee and Lessee leases from Lessor the following described property (the "Premises") on the terms and conditions stated below:

Lot 6 EXCEPT the Southeasterly ³/₄ feet thereof and all of Lot 7 in Block 16 of INDUSTRIAL ADDITION TO THE CITY KLAMATH FALLS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Section 1. Occupancy

1.1 Original Term. Lessee shall have and hold the leased premises of a term of 99 years, which shall commence on the date hereof and continue for a period of 99 years, unless sooner terminated as hereinafter provided.

1.2 Possession. Lessee's right to possession and obligations under the lease shall commence on the date hereof.

1.3 Renewal Option. If the lease is not in default when each option is exercised or when the renewal term is to commence, Lessee shall have the option to renew this lease for one successive term of 99 years each, as follows:

(1) Each of the renewal terms shall commence on the day following expiration of the preceding term.

(2) The option may be exercised by written notice to Lessor given not less than [60-120] days before the last day of the expiring term. Giving such notice shall be sufficient to make the lease binding for the renewal term without further act of the parties.

(3) The terms and conditions of the lease for each renewal term shall be identical with the original term except that Lessee will no longer have any option to renew this lease that has been exercised.

1.4 Right of First Refusal. Lessor agrees not to sell, transfer, exchange, grant an option to purchase, lease, or otherwise dispose of the Property or any part of, or interest in, the Property without first offering the Property to Lessee on the terms and conditions set forth below.

A. When Lessor receives from a third party (the "Third-Party Offeror") a bona fide offer to purchase the Property, or a part of it, or an interest in it, Lessor shall give Lessee written notice (the "Notice") at Lessee's last known address, of the

3.2 Common Areas. Lessor specifically grants to Lessee an irrevocable license while this lease is in effect, to the use of such other areas in the parking area which are necessary for access to the leased space, which shall include the common driveway. Lessor shall take no action which would limit the access of Lessee to the leased space, including but not limited to, blocking, building, or otherwise eliminating the common entry and exit points into and out of the parking area.

3.3 Restrictions on Use. In connection with the use of the Premises, Lessee shall:

(1) Conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct at Lessee's own expense any failure of compliance created through Lessee's fault or by reason of Lessee's use, but Lessee shall not be required to make any structural changes to effect such compliance.

(2) Refrain from any activity that would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent Lessor from taking advantage of any ruling of the Oregon Insurance Rating Bureau, or its successor, allowing Lessor to obtain reduced premium rates for long-term fire insurance policies, unless Lessee pays the additional cost of the insurance.

(3) Refrain from any use that would be reasonably offensive to other Lessees or Lessors or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the premises.

Section 4. Repairs and Maintenance

4.1 Lessor's Obligations. The following shall be the responsibility of Lessor:

(1) Repair and maintenance of sidewalks, driveways, curbs, and parking areas;

(2) Maintenance of the leased space in a condition suitable for its ordinary and intended use, including the removal of snow and ice, other dangerous conditions, and other natural debris such as the trimming of trees and shrubs that might interfere with the ordinary and intended use.

Section 5. Taxes; Utilities

5.1 Property Taxes. Lessor shall pay as due all real property taxes [and special assessments] levied against the Premises. As used herein, real property taxes includes any fee or charge relating to the Lessorship, use, or rental of the Premises, other than taxes on the net income of Lessor or Lessee.

5.2 New Charges or Fees. If a new charge or fee relating to the Lessorship or use of the Premises or the receipt of rental therefrom or in lieu of

property taxes is assessed or imposed, then, to the extent permitted by law, Lessor shall pay such charge or fee.

Section 6. Damage and Destruction

6.1 Partial Damage. If the Premises are partly damaged and Section 9.2 does not apply, the Premises shall be repaired by Lessor at Lessor's expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Lessor.

6.2 Destruction. If the Premises are destroyed or damaged such that the cost of repair exceeds [25-50]% of the value of the land before the damage, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. In such event all rights and obligations of the parties shall cease as of the date of termination, and Lessee shall be entitled to the reimbursement of any prepaid amounts paid by Lessee and attributable to the anticipated term. If neither party elects to terminate, Lessor shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters beyond Lessor's reasonable control.

Section 7. Liability and Indemnity

7.1 Indemnification. Lessor shall indemnify and defend Lessee from, and reimburse Lessee for, any cost, claim, loss, or liability suffered directly or from a third-party claim arising out of or related to any negligent activity of Lessor on the Premises or any condition of the Premises in the possession or under the control of Lessor [including any such cost, claim, loss, or liability that may be caused or contributed to in whole or in part by Lessor's own negligence or failure to effect any repair or maintenance required by this lease.

7.2 Liability Insurance. Lessor shall procure and thereafter during the term of the lease shall continue to carry the following insurance at Lessor's cost: [comprehensive general liability insurance in a responsible company with limits of not less than \$300,000-1,000,000 for injury to one person, \$(500,000-3,000,000) for injury to two or more persons in one occurrence, and \$(300,000-1,000,000) for damage to property] Such insurance shall cover all risks arising directly or indirectly out of Lessee's activities on or any condition of the premises [whether or not related to an occurrence caused or contributed to by Lessor's negligence]. Such insurance shall name Lessor as an additional insured. Certificates evidencing such insurance and bearing endorsements requiring 10 days' written notice to Lessee

before any change or cancellation shall be furnished to Lessee before Lessee's occupancy of the property.

Section 8. Quiet Enjoyment; Mortgage Priority

8.1 Lessor's Warranty. Lessor warrants that it is the Lessor of the Premises and has the right to lease them [free of all encumbrances]. Lessor will defend Lessee's right to quiet enjoyment of the Premises from the lawful claims of all persons during the lease term.

Section 9. Assignment and Subletting

The Premises may be assigned, or subleased, by the Lessee so long as Lessor is given 30 days notice of the assignment.

Section 10. Default

The following shall be events of default:

10.1 Default in Rent. Failure of Lessee to pay any rent or other charge within 10 days after written notice that it is due.

Section 11. Remedies on Default

11.1 Termination. In the event of a default the lease may be terminated at the option of Lessor by written notice to Lessee.

11.2 Damages. In the event of termination or retaking of possession following default, Lessor shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages:

(1) The loss of rental from the date of default until a new Lessee is, or with the exercise of reasonable efforts could have been, secured and paying out.

Section 12. Miscellaneous

12.1 Nonwaiver. Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. The acceptance of a late payment of rent shall not waive the failure to perform an obligation under this Lease except for the failure to pay the rent so accepted when due and shall not affect Lessor's remedies for failure to perform such other obligations.

12.2 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees at trial, on petition for review, and on appeal.

12.3 Notices. Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States mail as certified mail addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

12.4 Succession. Subject to the above-stated limitations on transfer of Lessee's interest, this lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

12.5 Recordation. This lease shall not be recorded without the written consent of Lessor. [Lessor shall execute and acknowledge a memorandum of this lease in a form suitable for recording, and Lessee may record the memorandum.]

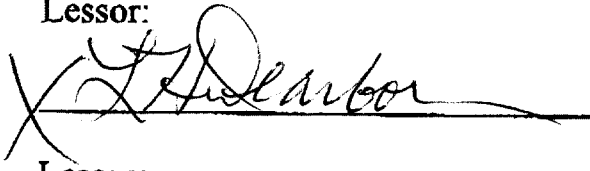
12.6 Entry for Inspection. Lessor shall have the right to enter on the Premises at any time to determine Lessee's compliance with this lease, to make necessary repairs to the Premises, or to show the Premises to any prospective Lessee or purchaser, and in addition shall have the right, at any time during the last two months of the term of this lease, to place and maintain on the Premises notices for leasing or selling of the Premises.

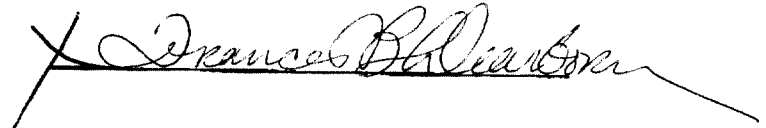
Section 13. Arbitration

18.1 Disputes to Be Arbitrated. If any dispute arises between the parties [regarding a matter that this lease says should be arbitrated, or regarding any other question involving apportionment or valuation], either party may request arbitration and appoint Arbitration Service of Portland as the arbitrating agency.

18.2 Procedure for Arbitration. The arbitrator shall proceed according to the Oregon statutes governing arbitration, and the award of the arbitrators shall have the effect therein provided. The arbitration shall take place in the county where the leased premises are located. Costs of the arbitration shall be shared equally by the parties, but each party shall pay its own attorney fees incurred in connection with the arbitration.

Lessor:

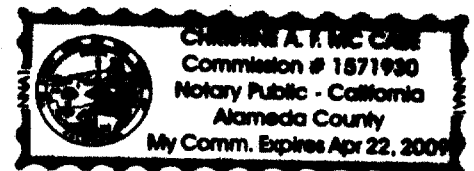




Lessee:







INDIVIDUAL ACKNOWLEDGMENT

State of Oregon
County of Klamath

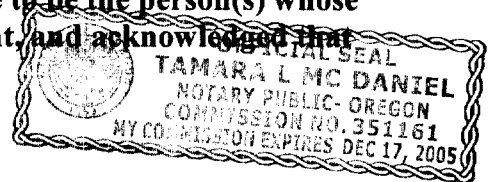
On this the 25 day of October, 2005, before me,
Tamara L. McDaniel, the

undersigned Notary Public, personally appeared

L.H. Dearborn + Frances B. Dearborn

 Personally known to me

X Proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument, and acknowledged that
he/she/they executed it.



WITNESS my hand and official seal.

Tamara L. McDaniel
Notary's signature

My commission expires: 12/17/05

.....
Title or Type of document Lease

Number of pages _____ Date of document _____

Signer(s) other than named above _____

THIS CERTIFICATE MUST BE ATTACHED TO THE ABOVE DESCRIBED
DOCUMENT.

INDIVIDUAL ACKNOWLEDGMENT

State of California

County of Alameda

On this the 21 day of October, 2005, before me,

Christine AF McCabe, the

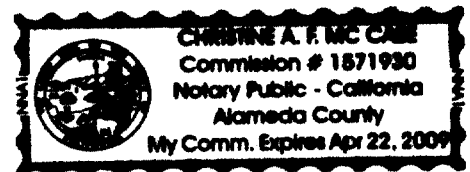
undersigned Notary Public, personally appeared

Dorothy J. Jackson

☒ Personally known to me

☒ Proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed it.

WITNESS my hand and official seal.



Christine AF McCabe
Notary's signature

My commission expires: April 22, 2009

Title or Type of document Lease

Number of pages 6 Date of document 10-21-05

Signer(s) other than named above _____

THIS CERTIFICATE MUST BE ATTACHED TO THE ABOVE DESCRIBED DOCUMENT.